Note 3 — Business Acquisitions

2010 Acquisitions

Green Mountain Energy — On November 5, 2010, NRG acquired Green Mountain Energy for $357 million in cash, net of $75 million cash acquired, funded from cash on hand. Austin-based Green Mountain Energy, the nation's leading competitive provider of cleaner energy and carbon offset products, has residential and commercial customers primarily in Texas and the New York metropolitan region. Green Mountain Energy also delivers renewable products and services to a public utility in Oregon, as well as utility programs in New York and New Jersey. Green Mountain Energy will be run as a standalone retail business within NRG. The acquisition was recorded as a business combination under ASC 805, with identifiable assets acquired and liabilities assumed provisionally recorded at their estimated fair values on the acquisition date. The purchase price was primarily allocated to customer relationships of $158 million, trade names of $130 million, favorable commercial customer contracts of $54 million, net deferred tax liabilities of $78 million, net derivative liabilities of $60 million, and goodwill of $155 million. The initial accounting for the business combination is not complete because the evaluations necessary to assess the fair values of certain net assets acquired and the amount of goodwill to be recognized are still in process. The provisional amounts recognized are subject to revision until the evaluations are completed and to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments will affect the acquisition-date fair value of goodwill. The factors that resulted in goodwill arising from the acquisition include the revenues associated with expanding the Green Mountain Energy business of providing renewable energy products and services to new customers in new regions and through new providers and the synergies associated with combining a renewable retail business with NRG's renewable generation assets.

The provisional fair values of the intangible assets and liabilities at the acquisition date were measured primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement as defined in ASC 820. Significant inputs were as follows:

- *Customer contracts* — The fair values of the customer contracts, representing those with Green Mountain Energy's C&I customers, were estimated based on the present value of the above/below market cash flows attributable to the contracts based on contract type, discounted utilizing a current market interest rate consistent with the overall credit quality of the portfolio. The above/below market cash flows were estimated by comparing the expected cash flows to be generated based on existing contracted prices and expected volumes with the cash flows from estimated current market contract prices for the same expected volumes. The estimated current market contract prices were derived considering current market costs, such as price of energy, transmission and distribution costs, and miscellaneous fees, plus a normal profit margin. The customer contracts are amortized to revenues, over a weighted average amortization period of five years, based on expected volumes to be delivered for the portfolio.
- *Customer relationships* — The customer relationships, which reflect Green Mountain Energy's residential, commercial, utility partner and renewable emission credit customer base, were valued using a variation of the income approach. Under this approach, the present value of expected future cash flows resulting from the existing customer relationships, considering attrition and charges for contributory assets (such as net working capital, fixed assets, software, workforce and trade names) utilized in the business were estimated and then discounted at an independent power producer peer group's weighted average cost of capital. The customer relationships are amortized to depreciation and amortization expense, over a weighted-average amortization period of ten years, based on the expected discounted future net cash flows by year.
- *Trade names* — The trade names were valued using a "relief from royalty" method, an approach under which fair value is estimated to be the present value of royalties saved because NRG owns the intangible asset and therefore does not have to pay a royalty for its use. The avoided royalty revenues were discounted at an independent power producer peer group's weighted average cost of capital. The remaining useful life of the trade names were determined by considering various factors, such as turnover and name changes in the independent power producer and utility industries, the current age of the Green Mountain Energy brand, management's intent to continue using the name at the current time, and feedback from external consultants regarding their experience with similar trade names. The trade names are amortized to depreciation and amortization expense, on a straight-line basis, over 15 years.
- *Derivative contracts* — The fair values of the derivative contracts were determined in accordance with ASC 820.

Cottonwood — On November 15, 2010, NRG acquired the Cottonwood Generating Station, a 1,265 MW combined cycle natural gas plant in the Entergy zone of east Texas, or Cottonwood, for $507 million in cash, funded from cash on hand. The acquisition of Cottonwood strengthened NRG's regional and dispatch diversity by greatly expanding the Company's load following mid-merit generation profile while lowering the overall carbon intensity of NRG's fleet. Prior to its acquisition, NRG contracted with Cottonwood, one of the newest and most efficient plants in the region, to support current long-term contracts in Louisiana, Arkansas and East Texas. Owning Cottonwood now allows for future contracting opportunities and will enable NRG to provide additional balancing and ancillary services. The acquisition was recorded as a business combination under ASC 805 and the purchase price was allocated to the assets acquired and liabilities assumed, which were recorded at provisional fair value on the acquisition date. The purchase price was primarily allocated to fixed assets.

The provisional fair values of the property, plant and equipment at the acquisition date were measured primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement as defined in ASC 820. The fair value of property, plant and equipment was valued using a cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the property, less an allowance for loss in value due to depreciation.

Northwind Phoenix — On June 22, 2010, NRG, through its wholly-owned subsidiary, NRG Thermal LLC, or NRG Thermal, acquired Northwind Phoenix, LLC, or Northwind Phoenix, for a total purchase price of $100 million in cash, plus a payment for acquired working capital true-ups. Northwind Phoenix owns and operates a district cooling system that provides chilled water to commercial buildings in the Phoenix central business district. In addition, Northwind Phoenix maintains and operates Combined Heat and Power plants that provide chilled water, steam and electricity in metropolitan Tucson and to portions of Arizona State University campuses in Tempe and Mesa. The acquisition was financed by the issuance of $100 million in notes by NRG Thermal. See Note 12, *Debt and Capital Leases* for information related to the notes issued.

South Trent — On June 14, 2010, NRG acquired South Trent Wind LLC, owner of the South Trent wind farm, or South Trent, a 100 MW wind farm near Sweetwater, Texas, for a total purchase price of $111 million. South Trent commenced operations in January 2009 and consists of 44 turbines producing up to 2.3 MW of power each. The project has a 20-year PPA, which commenced January 2009, for all generation from the site. In connection with the acquisition, NRG paid $32 million in cash and South Trent entered into a financing arrangement that includes a $79 million term loan. See Note 12, *Debt and Capital Leases* for additional information related to this financing arrangement.

Acquisition of Reliant Energy in 2009

As discussed more fully in Note 3 — *Business Acquisitions,* to the Company's 2009 Form 10-K, NRG acquired Reliant Energy on May 1, 2009, for total consideration of approximately $401 million. The acquisition of Reliant Energy was accounted for under the acquisition method of accounting in accordance with ASC 805. The following measurement period adjustments to the provisional amounts recorded as of December 31, 2009, attributable to refinement of the underlying appraisal assumptions, were recognized during the first quarter of 2010, the end of the measurement period: customer relationships increased by $6 million and current and non-current liabilities increased by $6 million, resulting in no change to net assets acquired. The accounting for this business combination was completed on March 31, 2010.

NRG paid GenOn total cash consideration of approximately $370 million. NRG also recognized a $31 million non-cash gain on the settlement of a pre-existing relationship, representing the in-the-money value to NRG of an agreement that permits Reliant Energy to call on certain NRG gas plants when necessary for Reliant Energy to meet its load obligations. NRG recorded this gain within Operating Revenues in its consolidated statement of operations. This non-cash gain was considered a component of consideration in accordance with ASC 805, and together with cash consideration, brought the total consideration to approximately $401 million.

Note 4 — Discontinued Operations and Dispositions

Discontinued Operations

NRG classifies material business operations and gains/(losses) recognized on sales as discontinued operations for businesses that were sold or have met the required criteria for such classification. ASC 360 requires that discontinued operations be valued on an asset-by-asset basis at the lower of carrying amount or fair value, less costs to sell. In applying the provisions of ASC 360, the Company's management considers cash flow analyses, bids, and offers related to those assets and businesses. In accordance with the provisions of ASC 360, assets held by discontinued operations are not depreciated commencing with their classification as such.

NRG's discontinued operations reflect the sale of ITISA in 2008, reported in the Company's international segment. In connection with the sale, NRG received $300 million of cash proceeds, and removed $163 million of assets, including $59 million of cash, $122 million of liabilities, including $63 million of debt, and $15 million in foreign currency translation adjustment from its 2008 consolidated balance sheet. The Company recorded a pre-tax gain on the disposal of ITISA of $273 million in the year ended December 31, 2008. Summarized results of ITISA, reflected within discontinued operations, were as follows:

Year Ended December 31, 2008	(In millions)
Operating revenues	$ 20
Operating costs and other expenses	9
Pre-tax income from operations of discontinued components	11
Income tax expense	3
Income from operations of discontinued components	8
Disposal of discontinued components — pre-tax gain	273
Income tax expense	109
Gain on disposal of discontinued components, net of income taxes	164
Income from discontinued operations, net of income taxes	$172

Other Dispositions

Padoma — On January 11, 2010, NRG sold its terrestrial wind development company, Padoma Wind Power LLC, or Padoma, to Enel North America, Inc., or Enel. NRG retained its existing ownership interest in its three Texas wind farms: Sherbino, Elbow Creek and Langford. In addition, NRG will maintain a strategic partnership with Enel to evaluate potential opportunities in renewable energy, including the opportunity to participate in wind projects currently in development. NRG recognized a gain on the sale of Padoma of $23 million, which was recorded as a component of operating income in the statement of operations.

MIBRAG — On June 10, 2009, NRG completed the sale of its 50% ownership interest in MIBRAG, which owned and managed a coal mining operation, three lignite-fueled power generation facilities and other related businesses in Germany. For its share, NRG received EUR 203 million ($284 million at an exchange rate of 1.40 U.S.$/EUR), net of transaction costs, and recognized an after-tax gain of $128 million for the year ended December 31, 2009. Prior to completion of the sale, NRG continued to record its share of MIBRAG's operations to Equity in earnings of unconsolidated affiliates. NRG provided certain indemnities in connection with its share of the transaction.

In connection with the transaction, NRG entered into a foreign currency forward contract to hedge the impact of exchange rate fluctuations on the sale proceeds. The foreign currency forward contract had a fixed exchange rate of 1.277 and required NRG to deliver EUR 200 million in exchange for $255 million on June 15, 2009. For the year ended December 31, 2009, NRG recorded an exchange loss of $24 million on the contract within Other (loss)/income, net.

Note 5 — Fair Value of Financial Instruments

The estimated carrying values and fair values of NRG's recorded financial instruments related to continuing operations are as follows:

	As of December 31,			
	Carrying Amount		Fair Value	
	2010	2009	2010	2009
	(In millions)			
Assets:				
Cash and cash equivalents	$2,951	$2,304	$2,951	$2,304
Funds deposited by counterparties	408	177	408	177
Restricted cash	8	2	8	2
Cash collateral paid in support of energy risk management activities	323	361	323	361
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	8	9	8	9
Marketable equity securities	3	5	3	5
Trust fund investments	414	369	414	369
Notes receivable	177	231	190	238
Derivative assets	2,722	2,319	2,722	2,319
Restricted cash supporting funded letter of credit facility	1,300	—	1,300	—
Liabilities				
Long-term debt, including current portion	9,104	8,295	9,236	8,211
Funded letter of credit	1,300	—	1,295	—
Cash collateral received in support of energy risk management activities	408	177	408	177
Derivative liabilities	2,050	1,860	2,050	1,860

For cash and cash equivalents, funds deposited by counterparties, restricted cash, cash collateral paid and received in support of energy risk management activities, and restricted cash supporting the funded letter of credit facility, the carrying amount approximates fair value because of the short-term maturity of those instruments. The fair value of marketable securities is based on quoted market prices for those instruments. Trust fund investments are comprised of various U.S. debt and equity securities carried at fair market value.

The fair value of notes receivable, debt securities and certain long-term debt are based on expected future cash flows discounted at market interest rates. The fair value of long-term debt and funded letter of credit is based on quoted market prices for these instruments that are publicly traded, or estimated based on the income approach valuation technique for non-publicly traded debt using current interest rates for similar instruments with equivalent credit quality.

Fair Value Accounting under ASC 820

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date. NRG's financial assets and liabilities utilizing Level 1 inputs include active exchange-traded securities, energy derivatives, and trust fund investments.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. NRG's financial assets and liabilities utilizing Level 2 inputs include fixed income securities, exchange-based derivatives, and over the counter derivatives such as swaps, options and forwards.
- Level 3 — unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date. NRG's financial assets and liabilities utilizing Level 3 inputs include infrequently-traded, non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement in its entirety.

Recurring Fair Value Measurements

The following tables present assets and liabilities measured and recorded at fair value on the Company's consolidated balance sheet on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2010			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Cash and cash equivalents	$2,951	$ —	$ —	$2,951
Funds deposited by counterparties	408	—	—	408
Restricted cash	8	—	—	8
Cash collateral paid in support of energy risk management activities	323	—	—	323
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	—	—	8	8
Marketable equity securities	3	—	—	3
Trust fund investments				
Cash and cash equivalents	9	—	—	9
U.S. government and federal agency obligations	27	—	—	27
Federal agency mortgage-backed securities	—	57	—	57
Commercial mortgage-backed securities	—	11	—	11
Corporate debt securities	—	56	—	56
Marketable equity securities	213	—	39	252
Foreign government fixed income securities	—	2	—	2
Derivative assets				
Commodity contracts	652	2,046	24	2,722
Restricted cash supporting funded letter of credit facility	1,300	—	—	1,300
Total assets	$5,894	$2,172	$ 71	$8,137
Cash collateral received in support of energy risk management activities	$ 408	$ —	$ —	$ 408
Derivative liabilities				
Commodity contracts	660	1,251	51	1,962
Interest rate contracts	—	88	—	88
Total liabilities	$1,068	$1,339	$ 51	$2,458

	As of December 31, 2009			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Cash and cash equivalents	$2,304	$ —	$ —	$2,304
Funds deposited by counterparties	177	—	—	177
Restricted cash	2	—	—	2
Cash collateral paid in support of energy risk management activities	361	—	—	361
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	—	—	9	9
Marketable equity securities	5	—	—	5
Trust fund investments	214	118	37	369
Derivative assets	489	1,767	63	2,319
Total assets	$3,552	$1,885	$109	$5,546
Cash collateral received in support of energy risk management activities	$ 177	$ —	$ —	$ 177
Derivative liabilities	501	1,283	76	1,860
Total liabilities	$ 678	$1,283	$ 76	$2,037

There have been no transfers during the year ended December 31, 2010, between Levels 1 and 2. The following tables reconciles, for the years ended December 31, 2010, and 2009, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements at least annually using significant unobservable inputs:

	For the Year Ended December 31, 2010 — Fair Value Measurement Using Significant Unobservable Inputs (Level 3)			
	Debt Securities	Trust Fund Investments	Derivatives (a)	Total
	(In millions)			
Beginning balance as of January 1, 2010	$ 9	$37	$(13)	$ 33
Total gains and losses (realized/unrealized):				
Included in OCI	1	—	—	1
Included in earnings	3	—	28	31
Included in nuclear decommissioning obligations	—	2	—	2
Purchases	—	—	(8)	(8)
Sales	(5)	—		(5)
Transfer into Level 3 (b)	—	—	(26)	(26)
Transfer out of Level 3 (b)	—	—	(8)	(8)
Ending balance as of December 31, 2010	$ 8	$39	$(27)	$ 20
The amount of the total gains for the period included in earnings attributable to the change in unrealized gains relating to assets still held as of December 31, 2010	$—	$—	$ 5	$ 5

	For the Year Ended December 31, 2009 — Fair Value Measurement Using Significant Unobservable Inputs (Level 3)			
	Debt Securities	Trust Fund Investments	Derivatives (a)	Total
	(In millions)			
Beginning balance as of January 1, 2009	$ 7	$31	$ 49	$ 87
Total gains and losses (realized/unrealized):				
Included in OCI	2	—	—	2
Included in earnings	—	—	(97)	(97)
Included in nuclear decommissioning obligations	—	9	—	9
Purchases/(sales), net	—	(3)	1	(2)
Transfers into Level 3 (b)	—	—	34	34
Ending balance as of December 31, 2009	$ 9	$37	$(13)	$ 33
The amount of the total gains for the period included in earnings attributable to the change in unrealized gains relating to assets still held as of December 31, 2009	$ —	$—	$ 25	$ 25

(a) Consists of derivatives assets and liabilities, net.

(b) Transfers in/(out) of Level 3 are related to the availability of external broker quotes, and are valued as of the end of the reporting period. All transfers in/(out) are with Level 2.

Realized and unrealized gains and losses included in earnings that are related to the energy derivatives are recorded in operating revenues and cost of operations.

Non-derivative fair value measurements

NRG's investment in debt securities are classified as Level 3 and consist of non-traded debt instruments that are valued based on third-party market value assessments.

The trust fund investments are held primarily to satisfy NRG's nuclear decommissioning obligations. These trust fund investments hold debt and equity securities directly and equity securities indirectly through commingled funds. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. In addition, U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized in Level 2. Commingled funds, which are analogous to mutual funds, are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair value of commingled funds are based on net asset values per fund share (the unit of account), derived from the quoted prices in active markets of the underlying equity securities. However, because the shares in the commingled funds are not publicly quoted, not traded in an active market and are subject to certain restrictions regarding their purchase and sale, the commingled funds are categorized in Level 3. See also Note 7, *Nuclear Decommissioning Trust Fund.*

Derivative fair value measurements

A portion of NRG's contracts are exchange-traded contracts with readily available quoted market prices. The majority of NRG's contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter and on-line exchanges. For the majority of NRG markets, the Company receives quotes from multiple sources. To the extent that NRG receives multiple quotes, the Company's prices reflect the average of the bid-ask mid-point prices obtained from all sources that NRG believes provide the most liquid market for the commodity. If the Company receives one quote, then the mid-point of the bid-ask spread for that quote is used. The terms for which such price information is available vary by commodity, region and product. A significant portion of the fair value of the Company's derivative portfolio is based on price quotes from brokers in active markets who regularly facilitate those transactions and the Company believes such price quotes are executable. The Company does not use third party sources that derive price based on proprietary models or market surveys. The remainder of the assets and liabilities represents contracts for which external sources or observable market quotes are not available. These contracts are valued based on various valuation techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Contracts valued with prices provided by models and other valuation techniques make up 4% of the total fair value of all derivative contracts. The fair value of each contract is discounted using a risk free interest rate. In addition, the Company applies a credit reserve to reflect credit risk which is calculated based on published default probabilities. To the extent that NRG's net exposure under a specific master agreement is an asset, the Company uses the counterparty's default swap rate. If the exposure under a specific master agreement is a liability, the Company uses NRG's default swap rate. The credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume NRG's liabilities or that a market participant would be willing to pay for NRG's assets. As of December 31, 2010, the credit reserve resulted in a $2 million decrease in fair value which is composed of a $2 million loss in operating revenue and cost of operations.

The fair values in each category reflect the level of forward prices and volatility factors as of December 31, 2010, and may change as a result of changes in these factors. Management uses its best estimates to determine the fair value of commodity and derivative contracts NRG holds and sells. These estimates consider various factors including closing exchange and over-the-counter price quotations, time value, volatility factors and credit exposure. It is possible, however, that future market prices could vary from those used in recording assets and liabilities from energy marketing and trading activities and such variations could be material.

Under the guidance of ASC 815, entities may choose to offset cash collateral paid or received against the fair value of derivative positions executed with the same counterparties under the same master netting agreements. The Company has chosen not to offset positions as defined in ASC 815. As of December 31, 2010, the Company recorded $323 million of cash collateral paid and $408 million of cash collateral received on its balance sheet.

Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, *Summary of Significant Accounting Policies*, the following item is a discussion of the concentration of credit risk for the Company's financial instruments. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process; (ii) a daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, credit derivatives, prepayment arrangements, or volumetric limits (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk with a diversified portfolio of counterparties. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at NRG to cover the credit risk of the counterparty until positions settle.

As of December 31, 2010, counterparty credit exposure to a significant portion of the Company's counterparties was $1.4 billion and NRG held collateral (cash and letters of credit) against those positions of $414 million, resulting in a net exposure of $976 million. Counterparty credit exposure is discounted at the risk free rate. The following table highlights the counterparty credit quality and the net counterparty credit exposure by industry sector. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market and NPNS, and non-derivative transactions. The exposure is shown net of collateral held, and includes amounts net of receivables or payables.

Category	Net Exposure [(a)] (% of Total)
Financial institutions	53%
Utilities, energy merchants, marketers and other	36
Coal and emissions	7
ISOs	4
Total as of December 31, 2010	100%

Category	Net Exposure [(a)] (% of Total)
Investment grade	74%
Non-rated [(b)]	19
Non-Investment grade	7
Total as of December 31, 2010	100%

(a) Counterparty credit exposure excludes uranium and coal transportation contracts because of the unavailability of market prices.

(b) For non-rated counterparties, the majority are related to ISO and municipal public power entities, which are considered investment grade equivalent ratings based on NRG's internal credit ratings.

NRG has counterparty credit risk exposure to certain counterparties representing more than 10% of total net exposure discussed above and the aggregate of such counterparties was $251 million. Approximately 80% of NRG's positions relating to this credit risk roll-off by the end of 2012. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial position or results of operations from nonperformance by any of NRG's counterparties.

Counterparty credit exposure described above excludes credit risk exposure under certain long term agreements, including California tolling agreements, South Central load obligations and a coal supply agreement. As external sources or observable market quotes are not available to estimate such exposure, the Company valued these contracts based on various techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of December 31, 2010, credit risk exposure to these counterparties is approximately $520 million for the next five years. Many of these power contracts are with utilities or public power entities that have strong credit quality and specific public utility commission or other regulatory support. In the case of the coal supply agreement, NRG holds a lien against the underlying asset. These factors significantly reduce the risk of loss.

Retail Customer Credit Risk

NRG is exposed to retail credit risk through the Company's retail electricity providers, which serve C&I customers and the Mass market. Retail credit risk results when a customer fails to pay for services rendered. The losses may result from both nonpayment of customer accounts receivable and the loss of in-the-money forward value. NRG manages retail credit risk through the use of established credit policies that include monitoring of the portfolio, and the use of credit mitigation measures such as deposits or prepayment arrangements.

As of December 31, 2010, the Company's retail customer credit exposure to C&I customers was diversified across many customers and various industries, with a significant portion of the exposure with government entities.

NRG is also exposed to retail customer credit risk relating to its Mass customers, which may result in a write-off of bad debt. During 2010, the Company continued to experience improved customer payment behavior, but current economic conditions may affect the Company's customers' ability to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

Note 6 — Accounting for Derivative Instruments and Hedging Activities

ASC 815 requires NRG to recognize all derivative instruments on the balance sheet as either assets or liabilities and to measure them at fair value each reporting period unless they qualify for a Normal Purchase Normal Sale, or NPNS exception. If certain conditions are met, NRG may be able to designate certain derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives to accumulated OCI, until the hedged transactions occur and are recognized in earnings. The ineffective portion of a cash flow hedge is immediately recognized in earnings.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivative and the hedged transaction are recorded in current earnings.

For derivatives that are not designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings. Under the guidelines established per ASC 815, certain derivative instruments may qualify for the NPNS exception and are therefore exempt from fair value accounting treatment. ASC 815 applies to NRG's energy related commodity contracts, interest rate swaps, and foreign exchange contracts.

As the Company engages principally in the trading and marketing of its generation assets and retail business, some of NRG's commercial activities qualify for hedge accounting under the requirements of ASC 815. In order for the generation assets to qualify, the physical generation and sale of electricity should be highly probable at inception of the trade and throughout the period it is held, as is the case with the Company's baseload plants. For this reason, many trades in support of NRG's baseload units normally qualify for NPNS or cash flow hedge accounting treatment, and trades in support of NRG's peaking unit's asset optimization will generally not qualify for hedge accounting treatment, with any changes in fair value likely to be reflected on a mark-to-market basis in the statement of operations. Most of the retail load contracts either qualify for the NPNS exception or fail to meet the criteria for a derivative and the majority of the supply contracts are recorded under mark-to-market accounting. All of NRG's hedging and trading activities are subject to limits within the Company's Risk Management Policy.

Energy-Related Commodities

To manage the commodity price risk associated with the Company's competitive supply activities and the price risk associated with wholesale and retail power sales from the Company's electric generation facilities, NRG may enter into a variety of derivative and non-derivative hedging instruments, utilizing the following:

- Forward contracts, which commit NRG to purchase or sell energy commodities or purchase fuels in the future.
- Futures contracts, which are exchange-traded standardized commitments to purchase or sell a commodity or financial instrument.
- Swap agreements, which require payments to or from counter-parties based upon the differential between two prices for a predetermined contractual, or notional, quantity.
- Option contracts, which convey the right or obligation to purchase or sell a commodity.
- Weather and hurricane derivative products used to mitigate a portion of Reliant Energy's lost revenue due to weather.

The objectives for entering into derivative contracts designated as hedges include:

- Fixing the price for a portion of anticipated future electricity sales through the use of various derivative instruments including gas collars and swaps at a level that provides an acceptable return on the Company's electric generation operations.
- Fixing the price of a portion of anticipated fuel purchases for the operation of NRG's power plants.
- Fixing the price of a portion of anticipated power purchases for the Company's retail sales.

As of December 31, 2010, NRG had cash flow hedge energy-related derivative financial instruments extending through December 2012.

NRG's trading activities are subject to limits within the Company's Risk Management Policy. These contracts are recognized on the balance sheet at fair value and changes in the fair value of these derivative financial instruments are recognized in earnings.

As of December 31, 2010, NRG had hedge and non-hedge energy-related derivative financial instruments, and other energy-related contracts that did not qualify as derivative financial instruments extending through December 2029. As of December 31, 2010, NRG's derivative assets and liabilities consisted primarily of the following:

- Forward and financial contracts for the purchase/sale of electricity and related products economically hedging NRG's generation assets' forecasted output or NRG's retail load obligations through 2016.
- Forward and financial contracts for the purchase of fuel commodities relating to the forecasted usage of NRG's generation assets into 2017.

Also, as of December 31, 2010, NRG had other energy-related contracts that qualified for the NPNS exception and were therefore exempt from fair value accounting treatment under the guidelines established by ASC 815 as follows:

- Power sales and capacity contracts extending to 2025.

Also, as of December 31, 2010, NRG had other energy-related contracts that did not qualify as derivatives under the guidelines established by ASC 815 as follows:

- Load-following forward electric sale contracts extending through 2026;
- Power Tolling contracts through 2029;
- Lignite purchase contract through 2018;
- Power transmission contracts through 2015;
- Natural gas transportation contracts and storage agreements through 2018; and
- Coal transportation contracts through 2016

Interest Rate Swaps

NRG is exposed to changes in interest rates through the Company's issuance of variable and fixed rate debt. In order to manage the Company's interest rate risk, NRG enters into interest rate swap agreements. As of December 31, 2010, NRG had interest rate derivative instruments extending through June 2028, the majority of which had been designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of NRG's open derivative transactions broken out by commodity, excluding those derivatives that qualified for the NPNS exception as of December 31, 2010, and December 31, 2009. Option contracts are reflected using delta volume. Delta volume equals the notional volume of an option adjusted for the probability that the option will be in-the-money at its expiration date.

		Total Volume	
Commodity	Units	December 31, 2010	December 31, 2009
		(In millions)	
Emissions	Short Ton	—	(2)
Coal	Short Ton	34	55
Natural Gas	MMBtu	(175)	(484)
Oil	Barrel	1	1
Power	MWh	5	5
Capacity	MW/Day	(1)	(2)
Interest	Dollars	$2,782	$3,291

Fair Value of Derivative Instruments

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. Also, collateral received or paid on the Company's derivative assets or liabilities are recorded on a separate line item on the balance sheet. The Company has chosen not to offset positions as permitted in ASC 815. As of December 31, 2010, the Company recorded $323 million of cash collateral paid and $408 million of cash collateral received on its balance sheet.

The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

	Fair Value			
	Derivative Assets		Derivative Liabilities	
(In millions)	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Derivatives Designated as Cash Flow or Fair Value Hedges:				
Interest rate contracts current	$ —	$ —	$ 17	$ 2
Interest rate contracts long-term	—	8	71	106
Commodity contracts current	392	300	2	12
Commodity contracts long-term	217	508	—	6
Total Derivatives Designated as Cash Flow or Fair Value Hedges	609	816	90	126
Derivatives Not Designated as Cash Flow or Fair Value Hedges:				
Commodity contracts current	1,572	1,336	1,666	1,459
Commodity contracts long-term	541	167	294	275
Total Derivatives Not Designated as Cash Flow or Fair Value Hedges	2,113	1,503	1,960	1,734
Total Derivatives	$2,722	$2,319	$2,050	$1,860

Accumulated Other Comprehensive Income

The following tables summarize the effects of ASC 815 on NRG's accumulated OCI balance attributable to cash flow hedge derivatives, net of tax:

	Year Ended December 31, 2010		
	Energy Commodities	Interest Rate	Total
	(In millions)		
Accumulated OCI balance at December 31, 2009	$ 461	$(55)	$ 406
Reclassified from accumulated OCI to income:			
- Due to realization of previously deferred amounts	(474)	1	(473)
Mark-to-market of cash flow hedge accounting contracts	501	7	508
Accumulated OCI balance at December 31, 2010, net of $268 tax	$ 488	$(47)	$ 441
Gains/(losses) expected to be realized from OCI during the next 12 months, net of $192 tax	$ 341	$(13)	$ 328
Gains recognized in income from the ineffective portion of cash flow hedges	$ —	$ 1	$ 1

	Year Ended December 31, 2009		
	Energy Commodities	Interest Rate	Total
	(In millions)		
Accumulated OCI balance at December 31, 2008	$ 406	$(91)	$ 315
Reclassified from accumulated OCI to income:			
- Due to realization of previously deferred amounts	(335)	1	(334)
- Due to discontinuance of cash flow hedge accounting	(137)	—	(137)
Mark-to-market of cash flow hedge accounting contracts	527	35	562
Accumulated OCI balance at December 31, 2009, net of $247 tax	$ 461	$(55)	$ 406
Gains/(losses) recognized in income from the ineffective portion of cash flow hedges	$ 45	$ (4)	$ 41

	Year Ended December 31, 2008		
	Energy Commodities	Interest Rate	Total
	(In millions)		
Accumulated OCI balance at December 31, 2007	$(234)	$(31)	$(265)
Reclassified from accumulated OCI to income:			
- Due to realization of previously deferred amounts	—	(1)	(1)
Mark-to-market of cash flow hedge accounting contracts	640	(59)	581
Accumulated OCI balance at December 31, 2008, net of $194 tax	$ 406	$(91)	$ 315
Losses recognized in income from the ineffective portion of cash flow hedges	$ (24)	$ —	$ (24)

Amounts reclassified from accumulated OCI into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to operating revenue for commodity contracts and interest expense for interest rate contracts.

Accounting guidelines require a high degree of correlation between the derivative and the hedged item throughout the period in order to qualify as a cash flow hedge. As of July 31, 2008, the Company's regression analysis for natural gas prices to ERCOT power prices, while positively correlated, did not meet the required threshold for cash flow hedge accounting for calendar years 2012 and 2013. As a result, the Company de-designated its 2012 and 2013 ERCOT cash flow hedges as of July 31, 2008, and prospectively marked these derivatives to market. On April 1, 2009, the required correlation threshold for cash flow hedge accounting was achieved for these transactions, and accordingly, these hedges were re-designated as cash flow hedges.

In connection with the May 1, 2009 acquisition of Reliant Energy as discussed in Note 3, *Business Acquisitions*, on October 5, 2009, the Company amended the CSRA with Merrill Lynch. In connection with the CSRA Amendment, NRG net settled certain in-the-money transactions with Morgan Stanley. As these transactions were net settled, $245 million in OCI was frozen and is recognized into income as the underlying power from the baseload plants is generated.

The following table summarizes the amount of unrealized gain/(loss) resulting from fair value hedges reflected in interest income/(expense) for interest rate contracts:

	Year Ended December 31,	
(In millions)	2010	2009
Derivative	$(8)	$(6)
Senior Notes (hedged item)	11	6

Impact of Derivative Instruments on the Statement of Operations

In accordance with ASC 815, unrealized gains and losses associated with changes in the fair value of derivative instruments not accounted for as cash flow hedge derivatives and ineffectiveness of hedge derivatives are reflected in current period earnings.

The following table summarizes the pre-tax effects of economic hedges that did not qualify for cash flow hedge accounting, ineffectiveness on cash flow hedges, and trading activity on NRG's statement of operations. These amounts are included within operating revenues and cost of operations.

	Year Ended December 31,	
	2010	2009
	(In millions)	
Unrealized mark-to-market results		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	$(171)	$ (68)
Reversal of loss positions acquired as part of the Reliant Energy acquisition as of May 1, 2009	223	656
Reversal of loss positions acquired as part of the Green Mountain Energy acquisition as of November 5, 2010	13	—
Reversal of previously recognized unrealized losses/(gains) on settled positions related to trading activity	68	(157)
Reversal of previously recognized unrealized losses due to the termination of positions related to the CSRA unwind	—	80
Net unrealized (losses)/gains on open positions related to economic hedges	(153)	22
Gains on ineffectiveness associated with open positions treated as cash flow hedges	—	45
Net unrealized losses on open positions related to trading activity	(5)	(26)
Total unrealized (losses)/gains	$ (25)	$ 552

	Year Ended December 31,	
	2010	2009
	(In millions)	
Revenue from operations — energy commodities	$(136)	$(290)
Cost of operations	111	842
Total impact to statement of operations	$ (25)	$ 552

Reliant Energy's loss positions were acquired as of May 1, 2009, and valued using forward prices on that date. Green Mountain Energy's loss positions were acquired as of November 5, 2010, and valued using forward prices on that date. The roll-off amounts were offset by realized losses at the settled prices and are reflected in the cost of operations during the same period.

For the year ended December 31, 2010, the $153 million loss from economic hedge positions was the result of a decrease in value of forward purchases and sales of natural gas, electricity and fuel due to a decrease in forward power and gas prices.

For the year ended December 31, 2009, the $22 million gain from economic hedge positions includes a gain of $217 million recognized in earnings from previously deferred amounts in OCI as the Company discontinued cash flow hedge accounting for certain 2009 transactions in Texas and New York due to lower expected generation. This gain was partially offset by a loss of $29 million resulting from discontinued NPNS designated coal purchases due to expected lower coal consumption and accordingly could not assert taking physical delivery and a $166 million decrease in value of forward purchases and sales of natural gas, electricity and fuel due to decrease in forward power and gas prices.

Credit Risk Related Contingent Features

Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed "adequate assurance" under the agreements, or require the Company to post additional collateral if there were a one notch downgrade in the Company's credit rating. The collateral required for contracts that have adequate assurance clauses that are in net liability positions as of December 31, 2010, was $34 million. The collateral required for contracts with credit rating contingent features that are in a net liability position as of December 31, 2010, was $11 million. The Company is also a party to certain marginable agreements where NRG has a net liability position, but the counterparty has not called for the collateral due, which is approximately $20 million as of December 31, 2010.

See Note 5, *Fair Value of Financial Instruments,* for discussion regarding concentration of credit risk.

Note 7 — Nuclear Decommissioning Trust Fund

NRG's nuclear decommissioning trust fund assets, which are for the decommissioning of STP, are comprised of securities classified as available-for-sale and recorded at fair value based on actively quoted market prices. Although NRG is responsible for managing the decommissioning of its 44% interest in STP, the predecessor utilities that owned STP are authorized by the PUCT to collect decommissioning funds from their ratepayers to cover decommissioning costs on behalf of NRG. NRC requirements determine the decommissioning cost estimate which is the minimum required level of funding. In the event that funds from the ratepayers that accumulate in the nuclear decommissioning trust are ultimately determined to be inadequate to decommission the STP facilities, the utilities will be required to collect through rate base all additional amounts, with no obligation from NRG, provided that NRG has complied with PUCT rules and regulations regarding decommissioning trusts. Following completion of the decommissioning, if surplus funds remain in the decommissioning trusts, any excess will be refunded to the respective ratepayers of the utilities.

NRG accounts for the nuclear decommissioning trust fund in accordance with ASC 980 — *Regulated Operations*, or ASC 980 because the Company's nuclear decommissioning activities are subject to approval by the PUCT, with regulated rates that are designed to recover all decommissioning costs and that can be charged to and collected from the ratepayers per PUCT mandate. Since the Company is in compliance with PUCT rules and regulations regarding decommissioning trusts and the cost of decommissioning is the responsibility of the Texas ratepayers, not NRG, all realized and unrealized gains or losses (including other-than-temporary impairments) related to the Nuclear Decommissioning Trust Fund are recorded to the Nuclear Decommissioning Trust Liability to the ratepayers and are not included in net income or accumulated other comprehensive income, consistent with regulatory treatment.

The following table summarizes the aggregate fair values and unrealized gains and losses (including other-than-temporary impairments) for the securities held in the trust funds, as well as information about the contractual maturities of those securities. The cost of securities sold is determined on the specific identification method.

	As of December 31, 2010				As of December 31, 2009			
(In millions, except otherwise noted)	Fair Value	Unrealized Gains	Unrealized Losses	Weighted-average maturities (in years)	Fair Value	Unrealized Gains	Unrealized Losses	Weighted-average maturities (in years)
Cash and cash equivalents	$ 9	$ —	$ —	—	$ 4	$—	$ —	—
U.S. government and federal agency obligations	25	1	—	9	23	1	—	8
Federal agency mortgage-backed securities	57	2	—	24	60	2	—	23
Commercial mortgage-backed securities	11	—	—	29	10	—	1	29
Corporate debt securities	56	3	1	10	48	3	1	10
Marketable equity securities	252	117	1	—	220	89	2	—
Foreign government fixed income securities	2	—	—	8	2	—	—	6
Total	$412	$123	$ 2		$367	$95	$ 4	

The following table summarizes proceeds from sales of available-for-sale securities and the related realized gains and losses from these sales. The cost of securities sold is determined on the specific identification method.

	Year Ended December 31,		
	2010	2009	2008
	(In millions)		
Realized gains	$ 8	$ 2	$ 11
Realized losses	(5)	(1)	(33)
Proceeds from sale of securities	307	279	582

Note 8 — Inventory

Inventory consisted of:

	As of December 31,	
	2010	2009
	(In millions)	
Fuel oil	$ 72	$104
Coal/Lignite	215	277
Natural gas	8	9
Spare parts	157	148
Other	1	3
Total Inventory	$453	$541

Note 9 — Capital Leases and Notes Receivable

Notes receivable primarily consisted of fixed and variable rate notes secured by equity interests in partnerships and joint ventures. NRG's notes receivable and capital leases were as follows:

	As of December 31,	
	2010	2009
	(In millions)	
Capital Leases Receivable — non-affiliates		
Vattenfall Europe Generation AG & Co. KG., due August 31, 2021, 11.00% [(a)]	$233	$301
Other	3	5
Capital Leases — non-affiliates	236	306
Notes Receivable — affiliates		
Kraftwerke Schkopau GBR, indefinite maturity date, 6.91%-7.00% [(b)]	115	122
GCE Holding LLC which wholly-owns GenConn Energy LLC, indefinite maturity date, LIBOR +3% [(c)]	62	108
Notes receivable — affiliates	177	230
Subtotal — Capital leases and notes receivable	413	536
Less current maturities:		
Capital leases	29	32
Total Capital leases and notes receivable — noncurrent	$384	$504

(a) Saale Energie GmbH, or SEG, has sold 100% of its share of capacity from the Schkopau power plant to Vattenfall Europe Generation AG & Co. KG under a 25-year contract, which is more than 83% of the useful life of the plant. This direct financing lease receivable amount was calculated based on the present value of the income to be received over the life of the contract.

(b) SEG entered into a note receivable with Kraftwerke Schkopau GBR, a partnership between SEG and E.On Kraftwerke GmbH. The note was used to fund SEG's initial capital contribution to the partnership and to cover project liquidity shortfalls during construction of the Schkopau power plant. The note is subject to repayment upon the disposition of the Schkopau plant.

(c) NRG entered into a long-term $122 million note receivable facility with GCE Holding LLC to fund project liquidity needs in 2009. Per the terms of the facility, $56 million of the outstanding balance, including accrued interest was converted into equity in GenConn Energy LLC when the Devon project reached commercial operations. See Note 12, *Debt and Capital Leases* for further discussion.

Note 10 — Property, Plant, and Equipment

NRG's major classes of property, plant, and equipment were as follows:

	As of December 31, 2010	As of December 31, 2009	Depreciable Lives
	(In millions)		
Facilities and equipment	$13,820	$13,023	1-40 Years
Land and improvements	580	621	
Nuclear fuel	314	286	5 Years
Office furnishings and equipment	199	153	2-10 Years
Construction in progress	1,400	533	
Total property, plant and equipment	16,313	14,616	
Accumulated depreciation	(3,796)	(3,052)	
Net property, plant and equipment	$12,517	$11,564	

Note 11 — Goodwill and Other Intangibles

Goodwill — NRG's goodwill arose primarily in connection with the acquisition of Texas Genco in 2006. During 2010, the Company's goodwill balance increased by $155 million due to the acquisition of Green Mountain Energy, as discussed in Note 3, *Business Acquisitions*, and decreased by $5 million due to the sale of Padoma, as discussed in Note 4, *Discontinued Operations and Dispositions.* As of December 31, 2010, there was no impairment to goodwill. As of December 31, 2010 and 2009, NRG had approximately $660 million and $721 million, respectively, of goodwill that is deductible for U.S. income tax purposes in future periods.

Intangible Assets — The Company's intangible assets as of December 31, 2010, primarily reflect intangible assets established with the acquisitions of various companies in 2010, 2009, and 2006, and are comprised of the following:

- *Emission Allowances* — These intangibles primarily consist of SO_2 and NO_x emission allowances established with the 2006 Texas Genco acquisition and also include RGGI emission credits which NRG began purchasing in 2009. These emission allowances are held-for-use and are amortized to cost of operations, with NO_x allowances amortized on a straight-line basis and SO_2 allowances and RGGI credits amortized based on units of production.
- *Development rights* — Arising primarily from the acquisition of a solar business in 2010, these intangibles are amortizable to depreciation and amortization expense on a straight-line basis over the estimated life of the related project portfolio.
- *Energy supply contracts* — established with the acquisitions of Reliant Energy and Green Mountain Energy, these represent the fair value at the acquisition date of in-market contracts for the purchase of energy to serve retail electric customers. The contracts are amortized to cost of operations based on the expected delivery under the respective contracts.
- *In-market fuel (gas and nuclear) contracts* — These intangibles were established with the Texas Genco acquisition in 2006. The power contracts are amortized to revenues based on contracted volumes over the life of each contract and the fuel contracts to cost of operations over expected volumes over the life of each contract.
- *Customer contracts* — established with the acquisitions of Reliant Energy, Green Mountain Energy, and Northwind Phoenix as discussed further in Note 3, *Business Acquisitions,* these intangibles represent the fair value at the acquisition date of contracts to provide electricity, primarily to Reliant Energy's and Green Mountain Energy's C&I customers. These contracts are amortized to revenues based on expected volumes to be delivered for the portfolio.
- *Customer relationships* — These intangibles represent the fair value at the acquisition date of acquired businesses' customer base, primarily for Reliant Energy and Green Mountain Energy. The customer relationships are amortized to depreciation and amortization expense based on the expected discounted future net cash flows by year.

- *Trade names* — established with the Reliant Energy and Green Mountain Energy acquisitions, these intangibles are amortized to depreciation and amortization expense, on a straight-line basis.
- *Other* — consists of renewable energy credits, wind intangible assets, costs to extend the operating license for STP Units 1 and 2, and the intangible asset related to a purchased ground lease.

The following tables summarize the components of NRG's intangible assets subject to amortization:

Year Ended December 31, 2010	Emission Allowances	Development Rights	Contracts Energy Supply	Contracts Fuel	Contracts Customer	Customer Relationships	Trade Names	Other	Total
					(In millions)				
January 1, 2010	$ 919	$—	$ 54	$ 71	$ 790	$ 399	$178	$ 14	$ 2,425
Purchases	19	—	—	—	—	—	—	20	39
Acquisition of businesses	—	18	—	—	69	172	130	4	393
Usage	—	—	—	—	—	—	—	(15)	(15)
Other	(3)	—	—	1	—	—	—	—	(2)
Adjusted gross amount	935	18	54	72	859	571	308	23	2,840
Less accumulated amortization	(269)	—	(21)	(55)	(490)	(208)	(20)	(1)	(1,064)
Net carrying amount	$ 666	$18	$ 33	$ 17	$ 369	$ 363	$288	$ 22	$ 1,776

Year Ended December 31, 2009	Emission Allowances	Power	Contracts Energy Supply	Contracts Fuel	Contracts Customer	Customer Relationships	Trade Names	Other	Total
					(In millions)				
January 1, 2009	$ 916	$ 58	$ —	$171	$ —	$ —	$ —	$ 5	$1,150
Write-off of fully amortized intangible assets	(19)	(58)	—	(88)	—	—	—	—	(165)
Acquisition of businesses	—	—	54	—	790	399	178	11	1,432
Reclassification of NPNS contract to derivative	—	—	—	(12)	—	—	—	—	(12)
Other	22	—	—	—	—	—	—	(2)	20
Adjusted gross amount	919	—	54	71	790	399	178	14	2,425
Less accumulated amortization [(a)]	(199)	—	(18)	(48)	(258)	(117)	(8)	—	(648)
Net carrying amount	$ 720	$ —	$ 36	$ 23	$ 532	$ 282	$170	$14	$1,777

(a) Includes annual amortization expense as described in the table below; netting of fully amortized intangible assets of $19 million and $58 million for emission allowances and power contracts, respectively; and decrease of accumulated amortization expense of $88 million as a result of the reclassification of NPNS contract to derivatives in fuel contracts.

The following table presents NRG's amortization of intangible assets for each of the past three years:

Amortization	Years Ended December 31, 2010	2009	2008
		(In millions)	
Emission allowances	$ 70	$ 63	$41
Energy supply contracts	3	18	—
Fuel contracts	7	15	20
Customer contracts	232	258	—
Customer relationships	91	117	—
Trade names	12	8	—
Other	1	—	—
Total amortization	$416	$479	$61

The following table presents estimated amortization of NRG's intangible assets for each of the next five years:

Year Ended December 31,	Emission Allowances	Development Rights	Contracts Energy Supply	Contracts Fuel	Contracts Customer	Customer Relationships	Trade Names	Total
	(In millions)							
2011	$65	$—	$4	$2	$185	$37	$21	$314
2012	41	1	5	2	119	32	21	221
2013	42	1	6	2	53	32	21	157
2014	48	1	6	2	1	32	21	111
2015	51	1	6	2	1	32	21	114

The following table presents the weighted average remaining amortization period related to NRG's intangible assets purchased in 2010 business acquisitions:

As of December 31, 2010	Development Rights	Customer Contracts	Trade Names	Customer Relationships	Total
	(In years)				
Weighted average remaining amortization period	33	7	15	14	14

Intangible assets held for sale — From time to time, management may authorize the transfer from the Company's emission bank of emission allowances held-for-use to intangible assets held-for-sale. Emission allowances held-for-sale are included in other non current assets on the Company's consolidated balance sheet and are not amortized, but rather expensed as sold. As of December 31, 2010, the value of emission allowances held-for-sale is $13 million and is managed within the Corporate segment. Once transferred to held-for-sale, these emission allowances are prohibited from moving back to held-for-use.

Out-of-market contracts — Due to business acquisitions and upon the adoption of Fresh Start accounting, NRG acquired certain out-of-market contracts, which are classified as non-current liabilities on NRG's consolidated balance sheet. The power and customer contracts are amortized to revenues, while the energy supply contracts are amortized to cost of operations.

The following table summarizes the estimated amortization related to NRG's out-of-market contracts:

Year Ended December 31,	Contracts Customer	Contracts Energy Supply	Contracts Power	Total
	(In millions)			
2011	$ 7	$13	$20	$40
2012	2	6	22	30
2013	1	2	19	22
2014	—	—	17	17
2015	—	—	17	17

Note 12 — Debt and Capital Leases

Long-term debt and capital leases consisted of the following:

	As of December 31, 2010	As of December 31, 2009	Interest Rate
	(In millions except rates)		
NRG Recourse Debt:			
Senior notes, due 2020	$1,100	$ —	8.25
Senior notes, due 2019 [(a)]	690	689	8.50
Senior notes, due 2017	1,100	1,100	7.375
Senior notes, due 2016	2,400	2,400	7.375
Senior notes, due 2014 [(b)]	1,205	1,211	7.25
Term Loan Facility, due 2013-2015	1,759	2,213	L+3.25/L+1.75 [(f)]
NRG Non-Recourse Debt:			
CSF, notes and preferred interests, due 2010 [(c)]	—	188	5.45-12.65
NRG Peaker Finance Co. LLC, bonds, due 2019 [(d)]	206	220	L+1.07 [(f)]
NRG Energy Center Minneapolis LLC, senior secured notes, due 2013, 2017, and 2025 [(e)]	163	75	5.95-7.31/7.12-7.31
Indian River Power LLC, tax-exempt bonds, due 2045	66	—	5.375
Dunkirk Power LLC, tax-exempt bonds, due 2042	59	52	5.875/Weekly per SIFMA rate [(g)]
NRG Connecticut Peaking LLC, equity bridge loan facility, due 2010 and 2011	61	108	L + 2 [(f)]
NINA TANE facility, due 2012	144	—	L + 2 [(f)]
NINA Shaw facility, due 2013	23	—	L + 6 [(f)]
South Trent, financing agreement, due 2020	78	—	L+ 2.5 [(f)]
NRG Solar Blythe LLC, credit agreement, due 2028	29	—	L+ 2.5 [(f)]
Other	21	39	various
Subtotal long-term debt	9,104	8,295	
Capital leases:			
Saale Energie GmbH, Schkopau capital lease, due 2021	107	123	
Subtotal	9,211	8,418	
Less current maturities [(h)]	463	571	
Total long-term debt and capital leases	$8,748	$7,847	
Funded letter of credit	$1,300	$ —	

(a) Includes discount of $(10) million and $(11) million as of December 31, 2010, and 2009, respectively. On June 5, 2009, NRG issued these $700 million aggregate principal amount bonds at a yield of 8.75%.

(b) Includes fair value adjustment of $5 million and $11 million as of December 31, 2010, and 2009, respectively, reflecting an adjustment for an interest rate swap.

(c) Includes discount of $(2) million as of December 31, 2009.

(d) Includes discount of $(25) million and $(31) million as of December 31, 2010, and 2009, respectively.

(e) Includes premium of $1 million and $2 million as of December 31, 2010, and 2009, respectively.

(f) L+ equals LIBOR plus x%.

(g) Securities Industry and Financial Markets Association, or SIFMA.

(h) Includes discount of $(5) million and $(6) million on the NRG Peaker Finance debt as of December 31, 2010, and 2009, respectively; discount of $(1) million on the CSF notes and preferred interests as of December 31, 2009, and a premium of $1 million on NRG Energy Center Minneapolis debt as of December 31, 2009.

Senior Notes

As of December 31, 2010, NRG had five outstanding issuances of senior notes, or Senior Notes, under an Indenture, dated February 2, 2006, or the Indenture, between NRG and Law Debenture Trust Company of New York, as trustee:

(i) 7.25% senior notes, issued February 2, 2006 and due February 1, 2014, or the 2014 Senior Notes;

(ii) 7.375% senior notes, issued February 2, 2006 and due February 1, 2016, or the 2016 Senior Notes;

(iii) 7.375% senior notes, issued November 21, 2006 and due January 15, 2017, or the 2017 Senior Notes;

(iv) 8.5% senior notes, issued June 5, 2009 and due June 15, 2019, or the 2019 Senior Notes; and

(v) 8.25% senior notes, issued August 20, 2010 and due September 1, 2020, or the 2020 Senior Notes.

The Company periodically enters into supplemental indentures for the purpose of adding entities under the senior notes as guarantors.

The Indentures and the form of notes provide, among other things, that the Senior Notes will be senior unsecured obligations of NRG. The Indentures also provide for customary events of default, which include, among others: nonpayment of principal or interest; breach of other agreements in the Indentures; defaults in failure to pay certain other indebtedness; the rendering of judgments to pay certain amounts of money against NRG and its subsidiaries; the failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency. Generally, if an event of default occurs, the Trustee or the Holders of at least 25% in principal amount of the then outstanding series of Senior Notes may declare all of the Senior Notes of such series to be due and payable immediately.

The terms of the Indentures, among other things, limit NRG's ability and certain of its subsidiaries' ability to return capital to shareholders, grant liens on assets to lenders and incur additional debt.

Interest is payable semi-annually on the Senior Notes until their maturity dates. In addition, the Company entered into a fixed to floating interest rate swap in 2004 with a notional amount of $400 million and a maturity date of December 15, 2013. The swap was terminated on December 15, 2010, at the option of the counterparty. A premium of $5 million was received and will be amortized as a credit to interest expense over the remaining term of the underlying Senior Notes.

NRG may redeem some or all of the 2014 Senior Notes at redemption prices expressed as percentages of principal amount as set forth below, plus accrued and unpaid interest on the notes redeemed to the applicable redemption date. On January 11, 2011, the Company announced a tender offer on the 2014 Senior Notes. Through February 9, 2011, the Company redeemed $945 million of the 2014 Senior Notes at an early redemption percentage of 102.063%, $2 million at a redemption percentage of 100.063%, and the remaining $253 million of 2014 Senior Notes will be called on February 25, 2011 at a redemption percentage of 101.813%.

Redemption Period	Redemption Percentage
February 1, 2010 to February 1, 2011	103.625%
February 1, 2011 to February 1, 2012	101.813%
February 1, 2012 and thereafter	100.000%

On or after February 1, 2011, NRG may redeem some or all of the 2016 Senior Notes at redemption prices expressed as percentages of principal amount as set forth below, plus accrued and unpaid interest on the notes redeemed to the applicable redemption date:

Redemption Period	Redemption Percentage
February 1, 2011 to February 1, 2012	103.688%
February 1, 2012 to February 1, 2013	102.458%
February 1, 2013 to February 1, 2014	101.229%
February 1, 2014 and thereafter	100.000%

Prior to January 15, 2012, NRG may redeem up to 35% of the 2017 Senior Notes with net cash proceeds of certain equity offerings at a price of 107.375%, provided at least 65% of the aggregate principal amount of the notes issued remain outstanding after the redemption. Prior to January 15, 2012, NRG may redeem all or a portion of the Senior Notes at a price equal to 100% of the principal amount of the notes redeemed, plus a premium and any accrued and unpaid interest. The premium is the greater of: (i) 1% of the principal amount of the note, or (ii) the excess of the principal amount of the note over the following: the present value of 103.688% of the note, plus interest payments due on the note from the date of redemption through January 15, 2012, discounted at a Treasury rate plus 0.50%. In addition, on or after January 15, 2012, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth below, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
February 1, 2012 to February 1, 2013	103.688%
February 1, 2013 to February 1, 2014	102.458%
February 1, 2014 to February 1, 2015	101.229%
February 1, 2015 and thereafter	100.000%

Prior to June 15, 2012, NRG may redeem up to 35% of the aggregate principal amount of the 2019 Senior Notes with the net proceeds of certain equity offerings, at a redemption price of 108.5% of the principal amount. Prior to June 15, 2014, NRG may redeem all or a portion of the 2019 Senior Notes at a price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 104.25% of the note, plus interest payments due on the note from the date of redemption through June 15, 2014, discounted at a Treasury rate plus 0.50%. In addition, on or after June 15, 2014, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
June 15, 2014 to June 14, 2015	104.25%
June 15, 2015 to June 14, 2016	102.83%
June 15, 2016 to June 14, 2017	101.42%
June 15, 2017 and thereafter	100.00%

Prior to September 1, 2013, NRG may redeem up to 35% of the aggregate principal amount of the 2020 Senior Notes with the net proceeds of certain equity offerings, at a redemption price of 108.25% of the principal amount. Prior to September 1, 2015, NRG may redeem all or a portion of the 2020 Senior Notes at a price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The premium is the greater of (i) 1% of the principal amount of the note; or (ii) the excess of the principal amount of the note over the following: the present value of 104.125% of the note, plus interest payments due on the note from the date of redemption through September 1, 2015, discounted at a Treasury rate plus 0.50%. In addition, on or after September 1, 2015, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
On or after September 1, 2015	104.125%
On or after September 1, 2016	102.750%
On or after September 1, 2017	101.375%
September 1, 2018 and thereafter	100.000%

On January 26, 2011, NRG issued $1.2 billion aggregate principal amount at par of 7.625% Senior Notes due 2018, or the 2018 Senior Notes. The 2018 Senior Notes were issued under the Indenture. The Indenture and the form of the notes provide, among other things, that the 2018 Senior Notes will be senior unsecured obligations of NRG. The net proceeds of $1.195 billion will be used primarily to complete the tender offer of the 2014 Senior Notes. Interest is payable semi-annually beginning on July 15, 2011, until their maturity date of January 15, 2018.

Prior to maturity, NRG may redeem all or a portion of the 2018 Senior Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus a premium and accrued and unpaid interest. The premium is the greater of (i) 1% of the principal amount of the note or (ii) the excess of the present value of the principal amount at maturity plus all required interest payments due on the note through the maturity date discounted at a Treasury rate plus 0.50%.

In connection with the 2020 and 2018 Senior Notes, NRG entered into registration payment arrangements. For the 2020 and 2018 Senior Notes, for the first 90-day period immediately following a registration default, additional interest will be paid in an amount equal to 0.25% per annum of the principal amount of 2020 or 2018 Senior Notes outstanding, as applicable. The amount of interest paid will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all registration defaults are cured, up to a maximum amount of 1.0% per annum of the principal amount of the 2020 or 2018 Senior Notes outstanding, as applicable. Any additional interest is paid on the next scheduled interest payment date; following the cure of the registration default, the additional interest payment will cease.

Senior Credit Facility

As of December 31, 2010, NRG has a Senior Credit Facility which is comprised of a senior first priority secured term loan, or the Term Loan Facility, a $875 million senior first priority secured revolving credit facility, or the Revolving Credit Facility, and a $1.3 billion senior first priority secured funded letter of credit facility, or the Funded Letter of Credit Facility. The pricing on the Company's Term Loan Facility and Funded Letter of Credit Facility is also subject to further reductions upon the achievement of certain financial ratios.

As of December 31, 2010, NRG had issued $860 million of letters of credit under the Funded Letter of Credit Facility, leaving $440 million available for future issuances. Under the Company's Revolving Credit Facility as of December 31, 2010, NRG had issued letters of credit totaling $22 million, leaving $853 million available for borrowings or to issue additional letters of credit.

On June 30, 2010, NRG completed an amendment and extension of the Senior Credit Facility, resulting in the following:

- NRG extended the maturity date for $1.0 billion of its then $2.0 billion outstanding Term Loan Facility to August 31, 2015, with the remaining amount due on the original maturity date of February 1, 2013. The interest rate for the extended portion of the facility increased from LIBOR+1.75% to LIBOR+3.25%;
- Borrowing capacity under the Revolving Credit Facility was reduced from $1.0 billion to $875 million and its maturity was extended to August 31, 2015. The interest rate for the amended Revolving Credit Facility is LIBOR+3.25%;
- The existing off-balance sheet Synthetic Letter of Credit Facility was converted into a term loan-backed Funded Letter of Credit Facility, with the term loan reflected as a non-current liability and the proceeds of the term loan reflected as non-current restricted cash on NRG's balance sheet. Of the total $1.3 billion borrowed under the term loan, $500 million will mature on February 1, 2013 and bears interest at LIBOR+1.75%, while $800 million will mature August 31, 2015 and bears interest at LIBOR+3.25%.

  Restricted cash supporting funded letter of credit — Pursuant to the letter of credit reimbursement agreements entered into as of June 30, 2010, or the LC Agreements, and the Senior Credit Facility, as amended, NRG made capital contributions to NRG LC Facility Company, or LCFC, a separate, bankruptcy-remote entity that is a wholly-owned subsidiary of NRG. In addition, pursuant to reimbursement agreements related to the LC Agreements, NRG or its subsidiaries is liable for certain reimbursement obligations to LCFC. As of December 31, 2010, LCFC has cash invested in short-term certificates of deposit with an aggregate market value of $1.3 billion. Pursuant to the LC Agreements, which have a maximum committed amount of $1.3 billion, LCFC is liable on various letters of credit issued by Deutsche Bank AG, New York Branch, BNP Paribas, and Citibank, N.A. These letters of credit will be used to support the businesses of NRG and certain of its other subsidiaries and equity investments. LCFC has secured its reimbursement and other obligations under the LC Agreements with a pledge of the cash and cash equivalents that it owns. The LC Agreements require LCFC's assets to be used first and foremost to satisfy claims of creditors of LCFC. Although the cash and cash equivalents held by LCFC are included in the consolidated assets of NRG, such cash and cash equivalents are not available to creditors of NRG.

- Expenses of $46 million, including fees to the lenders and other fees, were deferred and will be expensed in part over the original maturity through 2013 and in part over the amended maturity through 2015.

NRG must annually offer a portion of its excess cash flow (as defined in the Senior Credit Facility) to its first lien lenders under the Term Loan Facility. The percentage of the excess cash flow offered to these lenders is dependent upon the Company's consolidated leverage ratio (as defined in the Senior Credit Facility) at the end of the preceding year. Of the amount offered, the first lien lenders must accept 50%, while the remaining 50% may either be accepted or rejected at the lenders' option. The 2011 mandatory offer related to 2010 is expected to be $414 million, against which the Company made a prepayment of $200 million in November 2010. Based on current credit market conditions, the Company expects that its lenders will accept in full the 2011 mandatory offer related to 2010, and, as such, the Company has reclassified $214 million of Term Loan Facility maturity from a non-current to a current liability as of December 31, 2010. The 2010 mandatory offer related to 2009 was $429 million, against which the Company made a prepayment of $200 million in December 2009 and a payment of $229 million in March 2010.

The Senior Credit Facility is guaranteed by substantially all of NRG's existing and future direct and indirect subsidiaries, with certain customary or agreed-upon exceptions for unrestricted foreign subsidiaries, project subsidiaries, and certain other subsidiaries. The capital stock of substantially all of NRG's subsidiaries, with certain exceptions for unrestricted subsidiaries, foreign subsidiaries, and project subsidiaries, has been pledged for the benefit of the Senior Credit Facility's lenders.

The Senior Credit Facility is also secured by first-priority perfected security interests in substantially all of the property and assets owned or acquired by NRG and its subsidiaries, other than certain limited exceptions. These exceptions include assets of certain unrestricted subsidiaries, equity interests in certain of NRG's project affiliates that have non-recourse debt financing, and voting equity interests in excess of 66% of the total outstanding voting equity interest of certain of NRG's foreign subsidiaries.

The Senior Credit Facility contains customary covenants, which, among other things, require NRG to meet certain financial tests, including minimum interest coverage ratio and a maximum leverage ratio on a consolidated basis, and limit NRG's ability to:

- incur indebtedness and liens and enter into sale and lease-back transactions;
- make investments, loans and advances; and
- return capital to shareholders.

Interest Rate Swaps — In May 2009, NRG entered into a series of forward-starting interest rate swaps. These interest rate swaps become effective on April 1, 2011, and are intended to hedge the risks associated with floating interest rates. For each of the interest rate swaps, the Company will pay its counterparty the equivalent of a fixed interest payment on a predetermined notional value, and NRG receives the monthly equivalent of a floating interest payment based on a 1-month LIBOR calculated on the same notional value. All interest rate swap payments by NRG and its counterparties are made monthly and the LIBOR is determined in advance of each interest period. The total notional amount of these swaps, which mature on February 1, 2013, is $900 million.

In 2006, in connection with the Senior Credit Facility, NRG entered into another series of forward-setting interest rate swaps which are intended to hedge the risks associated with floating interest rates. For each of the interest rate swaps, the Company pays its counterparty the equivalent of a fixed interest payment on a predetermined notional value, and NRG receives quarterly the equivalent of a floating interest payment based on a 3-month LIBOR calculated on the same notional value. All interest rate swap payments by NRG and its counterparties are made quarterly, and the LIBOR is determined in advance of each interest period. While the notional value of each of the swaps does not vary over time, the swaps are designed to mature sequentially. As of December 31, 2010, the $1.55 billion notional amount matures on March 31, 2011.

Indian River Power LLC Tax-Exempt Bonds

On October 12, 2010, NRG executed a $190 million tax-exempt bond financing through its wholly-owned subsidiary, Indian River Power LLC. The bonds were issued by the Delaware Economic Development Authority and will be used for construction of emission control equipment on the Indian River Generating Station in Millsboro, DE, or Indian River. The bonds were issued at a rate of 5.375%, have a maturity date of October 1, 2045, and are supported by an NRG guarantee. The proceeds received through December 31, 2010, were $66 million, and the remaining balance will be received over time as construction costs are paid.

On December 10, 2010, NRG executed an additional $57 million tax-exempt bond financing through Indian River Power LLC. The bonds were issued by Sussex County, Delaware, and will be used for construction of emission control equipment on Indian River. The bonds were issued at a rate of 6.0%, have a maturity date of October 1, 2040, and are supported by an NRG guarantee. The proceeds received through December 31, 2010, were $1 million, and the remaining balance will be received over time as construction costs are paid.

Dunkirk Power LLC Tax-Exempt Bonds

On April 15, 2009, NRG executed a $59 million tax-exempt bond financing, or the Dunkirk bonds, through its wholly-owned subsidiary, Dunkirk Power LLC, whereby all the proceeds were received as of December 31, 2010. The bonds were issued by the County of Chautauqua Industrial Development Agency and are being used for the construction of emission control equipment on the Dunkirk Generating Station in Dunkirk, NY. The bonds initially bore weekly interest based on the Securities Industry and Financial Markets Association, or SIFMA, rate, and on February 1, 2010, the Company fixed the rate on the bonds at 5.875%, with interest payable semiannually. The bonds have a maturity date of April 1, 2042. Initially, the bonds were enhanced by a letter of credit under the Company's Revolving Credit Facility covering amounts drawn on the facility, but on February 1, 2010, the letter of credit was cancelled and replaced with a parent guarantee.

NRG Non-Recourse Debt

Debt Related to Capital Allocation Program

In 2006, the Company formed CSF I and II, two wholly-owned unrestricted subsidiaries that are both consolidated by NRG, and whose assets are not available to creditors of NRG or the Company's other subsidiaries. Their purpose was to repurchase an aggregate of $500 million in shares of NRG's common stock in the public markets or in privately negotiated transactions in connection with the Company's Capital Allocation Program, pursuant to which CSF I and CSF II repurchased 11,646,470 and 9,528,930 common shares, respectively. These subsidiaries were funded with a combination of cash from NRG, and a mix of notes and preferred interests issued to CS. The preferred interests were classified as a liability per ASC 480, *Distinguishing Liabilities from Equity*, or ASC 480, because they embodied a fixed unconditional obligation that CSF I and II must settle, and together with the notes are referred to as the CSF Debt in the aggregate and the CSF I Debt and CSF II Debt for each of the subsidiaries. The CSF Debt was non-recourse debt to NRG or any of its restricted subsidiaries and was collateralized by the NRG common stock held by CSF I and II.

On November 24, 2009, the Company completed the unwinding of the CSF II Debt upon its scheduled maturity, remitting a $181 million cash payment to CS for $143 million of outstanding principal and $38 million of accrued interest, and CS released all 9,528,930 common shares held as collateral for the CSF II Debt.

Pursuant to an extension amendment executed in March 2008, the CSF I Debt was to mature in June 2010. As part of this extension arrangement, the Company contributed 795,503 treasury shares to CSF I as additional collateral to maintain a blended interest rate in the CSF I facility of 7.5%, bringing the total common shares held by CSF I to 12,441,973. The amount due at the scheduled maturity in June 2010, including accrued interest, for the CSF I Debt was $249 million. On March 3, 2010, the Company completed an early unwinding of the CSF I Debt by remitting a cash payment to CS of $242 million to settle the outstanding principal and interest, and CS released all 12,441,973 shares of NRG common stock held as collateral.

The CSF Debt for both CSF I and CSF II each contained a feature considered an embedded derivative, or CSF I CAGR and CSF II CAGR, which required NRG to pay to CS at maturity, either in cash or stock at NRG's option, the excess of NRG's then current stock price over a threshold price. Although these features were considered to be derivatives, they were exempt from derivative accounting under the guidance of ASC 815, and were only recognized upon settlement. In August 2008, the Company early settled the CSF I CAGR, making a cash payment of $45 million to CS for the benefit of CSF I, which was recorded to additional paid-in capital on the Company's consolidated balance sheet as of December 31, 2008. The CSF II CAGR expired in 2009 upon maturity of the CSF II Debt, with no payment due.

Project Financings

The following are descriptions of certain indebtedness of NRG's project subsidiaries that remain outstanding as of December 31, 2010. The indebtedness described below is non-recourse to NRG, unless otherwise noted.

Blythe Credit Agreement

On June 24, 2010, NRG Solar Blythe LLC, or Blythe, entered into a credit agreement with a bank, or the Blythe Credit Agreement, for a $30 million term loan which has an interest rate of LIBOR plus an applicable margin which escalates 0.25% every three years and ranges from 2.5% at closing to 3.75% in year fifteen. The term loan matures in June 2028, amortizes based upon a predetermined schedule, and is secured by all of the assets of Blythe. The bank has also issued two letters of credit on behalf of Blythe, totaling $6.4 million. Blythe pays an availability fee of 100% of the applicable margin on these issued letters of credit. As of December 31, 2010, $29 million was outstanding under the term loan and $6 million in letters of credit were issued.

Also related to the Blythe Credit Agreement, on June 25, 2010, Blythe entered into a fixed for floating interest rate swap for 75% of the outstanding term loan amount, intended to hedge the risks associated with floating interest rates. Blythe will pay its counterparty the equivalent of a 3.563% fixed interest payment on a predetermined notional value, and Blythe will receive quarterly the equivalent of a floating interest payment based on a three month LIBOR calculated on the same notional value. All interest rate swap payments by Blythe and its counterparty are made quarterly and the LIBOR is determined in advance of each interest period. The original notional amount of the swap, which matures on June 25, 2028, is $22 million and amortizes in proportion to the loan. The outstanding notional amount as of December 31, 2010, is $21 million.

South Trent Financing Agreement

On June 14, 2010, NRG completed the acquisition of South Trent, as discussed in Note 3, *Business Acquisitions*. As part of the purchase price consideration, South Trent entered into a financing agreement, or South Trent Financing Agreement, with a group of lenders, which matures on June 14, 2020. The South Trent Financing Agreement includes a $79 million term loan, as well as a $10 million letter of credit facility in support of the PPA, for which the full amount had been issued as of December 31, 2010. The South Trent Financing Agreement also provides for up to $8 million in additional letter of credit facilities, none of which are utilized as of December 31, 2010. The term loan accrues interest at LIBOR plus a margin based upon a grid, which is initially 2.50% and increases every two years by 12.5 basis points. The term loan amortizes quarterly based upon a predetermined schedule with the unamortized portion due at maturity. As of December 31, 2010, $78 million was outstanding under the term loan and $10 million was issued under the letter of credit facility.

Under the terms of the South Trent Financing Agreement, South Trent was required to enter into interest rate protection agreements that would fix the interest rate for a minimum of 75% of the outstanding principal amount. Accordingly, on June 14, 2010, South Trent entered into five interest rate swaps, intended to hedge the risks associated with floating interest rates. For each of the interest rate swaps, South Trent will pay its counterparty the equivalent of a 3.265% fixed interest payment on a predetermined notional value, and South Trent will receive the quarterly equivalent of a floating interest payment based on a three month LIBOR calculated on the same notional value. All interest rate swap payments by South Trent and its counterparties are made quarterly and the LIBOR is determined in advance of each interest period. The original total notional amount of these swaps, which mature on June 14, 2020, is $59 million. The swaps amortize in proportion to the loan. The outstanding notional amount as of December 31, 2010, was $58 million.

South Trent also entered into a series of forward-starting interest rate swaps that will become effective June 14, 2020, and are effective for eight years. The swaps are intended to hedge the risks associated with floating interest rates. For each of the interest rate swaps, South Trent will pay its counterparty the equivalent of a 4.95% fixed interest payment on a predetermined notional value, and receive the quarterly equivalent of a floating interest payment based on a three month LIBOR calculated on the same notional value. All interest rate swap payments by South Trent and its counterparties will be made quarterly and the LIBOR is determined in advance of each interest period. The total notional amount of these swaps, which will mature on June 14, 2028, is $21 million.

GenConn Energy LLC related financings

On April 27, 2009, NRG Connecticut Peaking Development LLC, or NRG Connecticut Peaking, a wholly-owned subsidiary of NRG, closed on an equity bridge loan facility, or EBL, in the amount of $122 million from a syndicate of banks. The purpose of the EBL is to fund the Company's proportionate share of the project construction costs required to be contributed into GenConn Energy LLC, or GenConn, a 50% equity method investment of the Company. The EBL, which bears interest at a rate of LIBOR +2% on drawn amounts, is backed by a letter of credit issued by NRG under its Funded Letter of Credit Facility equal to at least 104% of amounts outstanding under the EBL. On September 29, 2010, GenConn's Devon project reached its commercial operations date, or COD, as defined in the financing documents. Accordingly, NRG Connecticut Peaking repaid the $55 million portion of the EBL used to fund the Devon project, and converted $56 million of a promissory note from GenConn into equity. As of December 31, 2010, $61 million was outstanding under the EBL for the Middletown project and NRG will continue to draw down to cover its interest portion of the loan. The EBL will mature on the earlier of Middletown's commercial operations date or July 26, 2011.

NRG Repowering Holdings LLC

NRG Repowering Holdings LLC, or NRG Repowering, has a $20 million revolving credit facility to provide working capital which permits NRG Repowering to make cash draws or issue letters of credit. The facility matures on August 12, 2011. The facility provides for customary events of default, which include, among others: nonpayment of principal or interest; breach of other agreements in the facility; the rendering of judgments to pay certain amounts of money against NRG Repowering and its subsidiaries; and certain events of bankruptcy or insolvency. Borrowings under the facility accrue interest at LIBOR or a base rate, plus a spread, and are supported by a letter of credit issued by NRG. As of December 31, 2010, NRG Repowering had borrowed $20 million.

NINA Financing Arrangements

TANE Facility — On February 24, 2009, NINA executed an EPC agreement with TANE, which specifies the terms under which STP Units 3 and 4 will be constructed. Concurrent with the execution of the EPC agreement, NINA and TANE entered into a credit facility, or the TANE Facility, wherein TANE has committed up to $500 million to finance purchases of long-lead materials and equipment for the construction of STP Units 3 and 4. The TANE Facility matures on February 24, 2012, subject to two renewal periods, and provides for customary events of default, which include, among others: nonpayment of principal or interest; default under other indebtedness; the rendering of judgments; and certain events of bankruptcy or insolvency. Outstanding borrowings will accrue interest at LIBOR plus 2%, subject to a ratings grid, and are secured by substantially all of the assets of and membership interests in NINA and its subsidiaries. On November 29, 2010, NINA awarded the EPC contract for STP 3 and 4 to the Consortium formed by TANE and Shaw. Both the EPC agreement and the TANE Facility were amended in conjunction with the establishment of the Consortium. The changes to the TANE Facility allow for additional indebtedness as well as other technical amendments to facilitate the changes in the EPC agreement. As of December 31, 2010, $144 million has been borrowed under the TANE Facility.

Shaw Facility — On November 29, 1010, under the amended EPC agreement, NINA also entered into a credit facility with Shaw, or the Shaw Facility, wherein Shaw has committed up to $100 million to finance working capital needs and the expenses of Shaw and its subsidiaries for the design, construction, engineering and services incurred in the construction of STP Units 3 and 4. The amended EPC agreement establishes Stone and Webster, Inc., a Shaw subsidiary, as co-contractor for STP Units 3 and 4. The Shaw Facility matures in November 2013, and provides for customary events of default, which include, among others: nonpayment of principal or interest; default under other indebtedness; the rendering of judgments; and certain events of bankruptcy or insolvency. The credit facility will convert to equity in NINA upon the satisfaction of certain conditions including the STP 3 and 4 Project receiving Full Notice to Proceed. Outstanding borrowings will accrue interest at LIBOR plus 6.0%, subject to a ratings grid, and are secured by substantially all of the assets and membership interest of NINA and its subsidiaries. As of December 31, 2010, $23 million was outstanding under the facility.

Revolving Credit Facility — In 2008, NINA obtained a $20 million revolving credit facility to provide working capital which permitted NINA to make cash draws or issue letters of credit. As of December 31, 2009, NINA had borrowed $20 million. On June 1, 2010, NINA repaid the $20 million outstanding under its revolving credit facility, and the facility was terminated.

Peakers

In June 2002, NRG Peaker Finance Company LLC, or Peakers, an indirect wholly-owned subsidiary, issued $325 million in floating rate bonds due June 2019. Peakers subsequently swapped such floating rate debt for fixed rate debt at an all-in cost of 6.67% per annum. Principal, interest, and swap payments were originally guaranteed by Syncora Guarantee Inc., successor in interest to XL Capital Assurance, through a financial guaranty insurance policy. In 2009, Assured Guaranty Mutual Corp assumed the responsibility as the bond insurer and controlling party. Syncora Guarantee Inc. continues to be the swap insurer. These notes are also secured by, among other things, substantially all of the assets of and membership interests in Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, NRG Sterlington Power LLC, NRG Rockford LLC, NRG Rockford II LLC, and NRG Rockford Equipment LLC. As of December 31, 2010, $231 million in principal remained outstanding on these bonds. Upon emergence from bankruptcy, NRG issued a $36 million letter of credit to the Peakers' collateral agent. The letter of credit may be drawn if the project is unable to meet principal or interest payments. There are no provisions requiring NRG to replenish the letter of credit if it is drawn. On December 10, 2010, the collateral agent drew $14 million on the letter of credit to meet the debt service requirements and as of December 31, 2010, $22 million remains available for additional letters of credit issuances.

NRG Thermal

NRG owns and operates its thermal business through a wholly-owned subsidiary holding company, NRG Thermal LLC, or NRG Thermal. In 1993, the predecessor entity to NRG Thermal's largest subsidiary, NRG Energy Center Minneapolis LLC, or NRG Thermal Minneapolis, issued $84 million of 7.31% senior secured notes due June 2013, of which $18 million remained outstanding as of December 31, 2010. In 2002, NRG Thermal Minneapolis issued an additional $55 million of 7.25% Series A notes due August 2017, of which $32 million remained outstanding as of December 31, 2010, and $20 million of 7.12% Series B notes due August 2017, of which $12 million remained outstanding as of December 31, 2010. In 2010, NRG Thermal Minneapolis issued $100 million of 5.95% Series C notes due June 23, 2025, of which $100 million remained outstanding as of December 31, 2010. The proceeds of these Series C notes were used to finance the acquisition of Northwind Phoenix, as discussed in Note 3, *Business Acquisitions.*

The indebtedness under these notes is secured by substantially all of the assets of NRG Thermal Minneapolis. NRG Thermal has guaranteed the indebtedness, and its guarantee is secured by a pledge of the equity interests in all of NRG Thermal's subsidiaries.

Capital Leases

Saale Energie GmbH

Saale Energie GmbH, or SEG, an NRG wholly-owned subsidiary, has a 41.9% participation in Schkopau through NRG's interest in the Kraftwerke Schkopau GbR, or KSGbR, partnership. Under the terms of a Use and Benefit Fee Agreement, SEG and the other partner to the project, E.ON Kraftwerke GmbH, are required to fund debt service and certain other costs resulting from the construction and financing of Schkopau. The Use and Benefit Fee Agreement is treated as a capital lease under U.S. GAAP. Calls for funds are made to the partners based on their participation interest as cash is needed. As of December 31, 2010, the capital lease obligation at SEG was $107 million.

The KSGbR issued debt to fund Schkopau pursuant to multiple facilities totaling €785 million. As of December 31, 2010, €123 million (approximately $165 million) remained outstanding at Schkopau. Interest accrues on the individual loans at fixed rates averaging 6.56% per annum, with maturities occurring between 2011 and 2020. SEG remains liable to the lenders as a partner in KSGbR, but there is no recourse to NRG.

Consolidated Annual Maturities and Future Minimum Lease Payments

Annual payments based on the maturities of NRG's debt and capital leases, including the funded letter of credit, for the years ending after December 31, 2010 are as follows:

	(In millions)
2011	$ 463
2012	112
2013	1,094
2014	1,259
2015	1,807
Thereafter	5,776
Total	$10,511

NRG's future minimum lease payments for capital leases included above as of December 31, 2010, are as follows:

	(In millions)
2011	$ 13
2012	11
2013	9
2014	9
2015	8
Thereafter	82
Total minimum obligations	132
Interest	25
Present value of minimum obligations	107
Current portion	9
Long-term obligations	$ 98

Note 13 — Asset Retirement Obligations

NRG's AROs are primarily related to the future dismantlement of equipment on leased property and environmental obligations related to nuclear decommissioning, ash disposal, site closures, and fuel storage facilities. In addition, NRG has also identified conditional AROs for asbestos removal and disposal, which are specific to certain power generation operations.

See Note 7, *Nuclear Decommissioning Trust Fund,* for a further discussion of NRG's nuclear decommissioning obligations. Consequently, accretion for the nuclear decommissioning ARO and amortization of the related ARO asset are recorded to the Nuclear Decommissioning Trust Liability to the ratepayers and are not included in net income, consistent with regulatory treatment.

The following table represents the balance of ARO obligations as of December 31, 2010, and 2009, along with the additions, reductions and accretion related to the Company's ARO obligations for the year ended December 31, 2010:

	(In millions)
Balance as of December 31, 2009	$415
Additions	4
Revisions in estimated cashflows	(7)
Accretion — Expense	3
Accretion — Nuclear decommissioning	17
Balance as of December 31, 2010	$432

Note 14 — Benefit Plans and Other Postretirement Benefits

NRG sponsors and operates three defined benefit pension and other postretirement plans. The NRG Plan for Bargained Employees and the NRG Plan for Non-bargained Employees are maintained solely for eligible legacy NRG participants. A third plan, the Texas Genco Retirement Plan, is maintained for participation by eligible Texas based employees. NRG expects to contribute $19 million to the Company's three pension plans in 2011.

NRG Plans for Bargained and Non-bargained Employees — Substantially all employees hired prior to December 5, 2003, were eligible to participate in NRG's legacy defined benefit pension plans. The Company initiated a noncontributory, defined benefit pension plan effective January 1, 2004, with credit for service from December 5, 2003. In addition, the Company provides postretirement health and welfare benefits for certain groups of employees. Generally, these are groups that were acquired prior to 2004 and for whom prior benefits are being continued (at least for a certain period of time or as required by union contracts). Cost sharing provisions vary by acquisition group and terms of any applicable collective bargaining agreements.

Texas Genco Retirement Plan — The Texas region's pension plan is a noncontributory defined benefit pension plan that provides a final average pay benefit or cash balance benefit, where the participant receives the more favorable of the two formulas, based on all years of service. In addition, employees who were hired prior to 1999 are also eligible for grandfathered benefits under a final average pay formula. In most cases, the benefits under the grandfathered formula were frozen on December 31, 2008. NRG's Texas region employees are also covered under an unfunded postretirement health and welfare plan. Each year, employees receive a fixed credit of $750 to their account plus interest. Certain grandfathered employees will receive additional credits through 2008. At retirement, the employees may use their accounts to purchase retiree medical and dental benefits from NRG. NRG's costs are limited to the amounts earned in the employee's account; all other costs are paid by the participant.

NRG Defined Benefit Plans

The net annual periodic pension cost related to NRG domestic pension and other postretirement benefit plans include the following components:

	Year Ended December 31,		
	Pension Benefits		
	2010	2009	2008
	(In millions)		
Service cost benefits earned	$ 14	$ 12	$ 14
Interest cost on benefit obligation	21	20	18
Expected return on plan assets	(20)	(16)	(14)
Amortization of unrecognized net gain	—	1	(1)
Net periodic benefit cost	$ 15	$ 17	$ 17

	Year Ended December 31,		
	Other Postretirement Benefits		
	2010	2009	2008
	(In millions)		
Service cost benefits earned	$ 2	$ 2	$ 2
Interest cost on benefit obligation	6	6	6
Amortization of unrecognized prior service cost	—	1	1
Net periodic benefit cost	$ 8	$ 9	$ 9

A comparison of the pension benefit obligation, other postretirement benefit obligations, and related plan assets for NRG's plans on a combined basis is as follows:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
	(In millions)			
Benefit obligation at January 1	$ 357	$291	$ 104	$ 91
Service cost	14	12	2	2
Interest cost	21	20	6	6
Plan amendments	—	1	(5)	—
Actuarial loss	24	45	—	6
Employee and retiree contributions	—	—	1	1
Benefit payments	(12)	(12)	(2)	(2)
Benefit obligation at December 31	404	357	106	104
Fair value of plan assets at January 1	263	195	—	—
Actual return on plan assets	30	53	—	—
Employee contributions	—	—	1	1
Employer contributions	16	27	1	1
Benefit payments	(12)	(12)	(2)	(2)
Fair value of plan assets at December 31	297	263	—	—
Funded status at December 31 — excess of obligation over assets	$(107)	$(94)	$(106)	$(104)

Amounts recognized in NRG's balance sheets were as follows:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
	(In millions)			
Current liabilities	$ —	$—	$ 2	$ 2
Non-current liabilities	107	94	104	102

Amounts recognized in NRG's accumulated OCI that have not yet been recognized as components of net periodic benefit cost were as follows:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
	(In millions)			
Unrecognized loss	$42	$29	$ 1	$1
Prior service (credit)/cost	(2)	(3)	—	4

Other changes in plan assets and benefit obligations recognized in other comprehensive income were as follows:

	Year Ended December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
	(In millions)			
Net loss	$13	$ 7	$—	$ 7
Prior service cost/(credit)	—	1	(5)	—
Amortization for prior service cost/(credit)	1	—	—	(1)
Total recognized in other comprehensive loss/(gain)	$14	$ 8	$(5)	$ 6
Total recognized in net periodic pension cost and other comprehensive income	$28	$25	$ 3	$15

The Company's estimated net loss for NRG's domestic pension plan that will be amortized from accumulated OCI to net periodic cost over the next fiscal year is minimal.

The following table presents the balances of significant components of NRG's domestic pension plan:

	As of December 31, Pension Benefits	
	2010	2009
	(In millions)	
Projected benefit obligation	$404	$357
Accumulated benefit obligation	347	309
Fair value of plan assets	297	263

NRG's market-related value of its plan assets is the fair value of the assets. The fair values of the Company's pension plan assets by asset category and their level within the fair value hierarchy are as follows:

	Fair Value Measurements as of December 31, 2010		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
	(In millions)		
U.S. equity investment	$46	$ —	$ 46
International equity investment	19	—	19
Corporate bond investment-fixed income	31	—	31
Common/collective trust investment — U.S. equity	—	80	80
Common/collective trust investment — international equity	—	35	35
Common/collective trust investment — fixed income	—	85	85
Short-term investment fund	—	1	1
Total	$96	$201	$297

	Fair Value Measurements as of December 31, 2009		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
	(In millions)		
U.S. equity investment	$44	$ —	$ 44
International equity investment	12	—	12
Corporate bond investment-fixed income	23	—	23
Common/collective trust investment — U.S. equity	—	107	107
Common/collective trust investment — international equity	—	29	29
Common/collective trust investment — fixed income	—	48	48
Total	$79	$184	$263

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement in its entirety. The fair value of the U.S. and international equity investments and the corporate bond investment is based on quoted prices in active markets, and is categorized as Level 1. All equity investments are valued at the net asset value of shares held at year end. The fair value of the corporate bond investment is based on the closing price reported on the active market on which the individual securities are traded. The fair value of the common/collective trusts is valued at fair value which is equal to the sum of the market value of all of the fund's underlying investments, and is categorized as Level 2. There are no investments categorized as Level 3.

The following table presents the significant assumptions used to calculate NRG's benefit obligations:

	As of December 31,			
Weighted-Average Assumptions	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
Discount rate	5.47%	5.93%	5.77%	6.14%
Rate of compensation increase	4.00-4.50%	4.00-4.50%	N/A	N/A
Health care trend rate	—	—	8% grading to 5% in 2019	9.5% grading to 5.5% in 2016

The following table presents the significant assumptions used to calculate NRG's benefit expense:

	As of December 31,					
	Pension Benefits			Other Postretirement Benefits		
Weighted-Average Assumptions	2010	2009	2008	2010	2009	2008
Discount rate	5.93%	6.88%	6.56%	6.14%	6.88%	6.56%
Expected return on plan assets	7.50%	7.50%	7.50%	—	—	—
Rate of compensation increase	4.00-4.50%	4.00-4.50%	4.00-4.50%	—	—	—
Health care trend rate	—	—	—	9.5% grading to 5.5% in 2016	9.5% grading to 5.5% in 2016	9.5% grading to 5.5% in 2016

NRG uses December 31 of each respective year as the measurement date for the Company's pension and other postretirement benefit plans. The Company sets the discount rate assumptions on an annual basis for each of NRG's retirement related benefit plans at their respective measurement date. This rate is determined by NRG's Investment Committee based on information provided by the Company's actuary. The discount rate assumptions reflect the current rate at which the associated liabilities could be effectively settled at the end of the year. The discount rate assumptions used to determine future pension obligations as of December 31, 2010, 2009, and 2008 were based on the Hewitt Yield Curve, or HYC, which was designed by Hewitt Associates to provide a means for plan sponsors to value the liabilities of their postretirement benefit plans. The HYC is a hypothetical yield curve represented by a series of annualized individual discount rates. Each bond issue underlying the HYC is required to have a rating of Aa or better by Moody's Investor Service, Inc. or a rating of AA or better by Standard & Poor's.

NRG employs a total return investment approach, whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The target allocation of plan assets is 47% to 63% invested in equity securities of which 33.5% to 50.5% is invested in U.S. equity securities, with the remainder invested in fixed income securities. The Investment Committee reviews the asset mix periodically and as the plan assets increase in future years, the Investment Committee may examine other asset classes such as real estate or private equity. NRG employs a building block approach to determining the long-term rate of return for plan assets, with proper consideration given to diversification and rebalancing. Historical markets are studied and long-term historical relationships between equities and fixed income are preserved, consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

Plan assets are currently invested in a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. equities, as well as among growth, value, small and large capitalization stocks.

NRG's pension plan assets weighted average allocations were as follows:

	As of December 31,	
	2010	2009
U.S. equity	33.5-50.5%	50-60%
International equity	13.5-22.5%	13-17%
U.S. fixed income	30-50%	25-35%

NRG's expected future benefit payments for each of the next five years, and in the aggregate for the five years thereafter, are as follows:

	Pension Benefit Payments	Other Postretirement Benefit — Benefit Payments	Other Postretirement Benefit — Medicare Prescription Drug Reimbursements
		(In millions)	
2011	$ 18	$ 2	$ —
2012	20	3	—
2013	21	3	—
2014	23	4	—
2015	26	4	—
2016-2020	165	31	1

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
	(In millions)	
Effect on total service and interest cost components	$1	$(1)
Effect on postretirement benefit obligation	8	(7)

STP Defined Benefit Plans

NRG has a 44% undivided ownership interest in STP, as discussed further in Note 27, *Jointly Owned Plants*. STPNOC, who operates and maintains STP, provides its employees a defined benefit pension plan as well as postretirement health and welfare benefits. Although NRG does not sponsor the STP plan, it reimburses STPNOC for 44% of the contributions made towards its retirement plan obligations. For the years ending December 31, 2010, and 2009 NRG reimbursed STPNOC approximately $4 million and $5 million, respectively, towards its defined benefit plans. In 2011, NRG expects to reimburse STPNOC $8 million for its contributions towards the plans.

The Company has recognized the following in its statement of financial position, statement of operations and accumulated OCI related to its 44% interest in STP:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
	(In millions)			
Funded status — STPNOC benefit plans	$(55)	$(43)	$(40)	$(30)
Net periodic benefit costs	8	10	4	4
Other changes in plan assets and benefit obligations recognized in other comprehensive income	8	(10)	7	1

Defined Contribution Plans

NRG's employees have also been eligible to participate in defined contribution 401(k) plans. The Company's contributions to these plans were as follows:

	Year Ended December 31,		
	2010	2009	2008
	(In millions)		
Company contributions to defined contribution plans	$28	$22	$17